



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
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AUG | 1997

IN REPLY
REFER TO AOO

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND
TECHNOLOGY)
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)
DIRECTOR, DEFENSE PROCUREMENT
DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION
REFORM)
ASSISTANT SECRETARY OF THE ARMY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION

SUBJECT: Single Process Initiative (SPI) Biweekly Activity Report

Forwarded for your review is our biweekly report for the period ending August 1, 1997. This report contains highlights of SPI activities since our last report including our outreach efforts, strategic planning, and other items of interest.

Should you have any questions or concerns regarding information contained in the attached documents, please contact Ms. Marialane Schultz, SPI/Block Change Management Team Leader at (703) 767-2471.

ROBERT W. DREWES
Major General, USAF
Commander

Attachment

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***Single Process Initiative
Biweekly Report
August 1, 1997***

Introduction

In this report we will highlight some of our efforts in strategic planning, increasing participation, and identifying high potential processes. We continue to place special emphasis on opportunities for leveraging high payoff opportunities as evidenced in the following sections.

Statistics

Thirteen new block change modifications were executed by our Administrative Contracting Officers and 24 new processes were submitted since our last report. Additionally, seven new contractor facilities and two Contract Administration Offices not previously participating in SPI joined the program. The statistics summarized below reflect current SPI activity levels.

Contractor Facilities	213
Processes Submitted	998
Processes Modified	521
Negotiated Cost Savings	\$ 7 million
Estimated Annual Cost Avoidance	\$ 75 million
Average Cycle-Time	135 days

Appendices A, B, and C contain summary information on SPI activity and details on modifications executed during the current reporting period. Appendix D provides details on new contractors participating in the program since our last report.

As a reminder, on August 4, 1997, we will begin Defense Contract Management Command (DCMC)-wide deployment and data validation of the SPI database and anticipate that SPI statistics will not be available during the next two biweekly cycles--specifically the August 15 and August 29, 1997 reports.

Increasing Participation

The Defense Contract Management Districts (DCMDs) continue their outreach efforts to increase participation in SPI. In this biweekly period, we have seen the following results: five new contractors from DCMD East, including three new contractors from DCMC Clearwater. DCMD West had two new contractors, including Teledyne, which is both a "Top 200" DoD contractor and among the Army's "Top 30."

DCMD East has recently tasked the Program Integrators located at major contractor facilities to advise of discussions or meetings held with the contractor regarding high-risk processes. These processes will be reviewed for SPI applicability. Potential SPI issues will be given to the cognizant Management Council as a discussion item.

On the supplier front, we have sought to elicit support for SPI from various industry associations. The Aerospace Industries Association (AIA) has been a leader in advocating SPI supplier issues. They kicked off this effort by establishing a Supplier Management Council and featured an article entitled "Single

Process Initiative Makes Inroads” in the June 1997 edition of AIA Update . The article identifies the “Supplier Single Process Initiative” as an AIA Top Ten Issue. The article updates its members on recent Office of the Secretary of Defense (OSD) policy, including the May 16, 1997 memorandum which allows prime contractors to accept subcontractors equivalent processes and the April 30, 1997 memorandum which says Management Council-approved SPIs on new Requests for Proposals should be accepted in lieu of specific military or federal specifications. The article closes by stating “in aggressively pursuing a new emphasis on increased performance and quality at a reduced cost, DoD is fast becoming a worldclass customer,” with “initiatives such as SPI...helping to assure the most affordable weapon systems for defense.”

What’s New on the Horizon

The SPI Team has engaged the Industrial Analysis Support Office (IASO) to perform research and analysis that will assist us in targeting contractors for SPI participation. IASO will start their analysis with the Top 200 contractor list published in “Government Executive.” Specifically, IASO will perform the following tasks:

- 1) Assign companies to an industry sector or sectors.
- 2) Baseline total number of facilities that are part of the Top 200.
- 3) Filter out any company or facility that would not be likely to participate in SPI.
- 4) Prioritize according to unliquidated obligations and future allocation of defense funds to a given sector.

Our plan is to provide the results of this analysis to DCMDs and Contract Administration Offices to give them a list of likely targets for their marketing efforts. We also plan to track our progress against the baseline. The target for completing this analysis is 60 days.

Another improvement we believe will provide enhanced management effectiveness is DCMC’s recently released policy memorandum entitled “Criteria for Measuring Progress when Processing Single Process Initiative Concept Papers,” signed July 28, 1997 by General Drewes. This policy is designed to support the expectation that SPI concepts be reviewed and accepted in a timely manner. It establishes a procedure for Management Councils to track concept paper progress. It also requires DCMDs to summarize the status of concept papers with schedule breeches at our HQ DCMC monthly Executive Council meetings.

Strategic Planning

The Block Change Management Team met in July 1997 to discuss strategic plans for SPI. Areas agreed upon by the group were to continue our focus on targeting high potential processes, increasing awareness, increasing participation, and improving the block change process. The DCMC SPI Team has already identified short and long term steps to ensure continued success. Short term steps include strengthening continued OSD/DCMC support, data analysis improvements, and enhanced metrics. Longer term steps include increasing supplier participation and leveraging opportunities to broadly apply SPI innovations.

Featured Facility: GEC-Marconi Hazeltine Corporation, CNI Division

GEC-Marconi Hazeltine Corporation, CNI Division (GEC), under the cognizance of DCMC Springfield, has a diverse product base. The company is a major subcontractor on the Multifunctional Information Distribution Systems. GEC's other programs include the Joint Tactical Distribution Systems, Doppler Navigation System, and the Precision Landing Systems Receiver. This facility has contracts valued at \$1.4 billion with unliquidated obligations of \$245 million.

GEC effectively utilizes May 16, 1997 OSD guidance by including their major prime contractors in Management Council meetings as non-voting participants to streamline application of the subcontract SPIs. GEC has executed eight block change modifications ranging from quality management processes (replacing MIL-Q-9858A with ISO 9000) to soldering processes (replacing MIL-STDs -2000/-2000A/-454 with ANSI/J-STD-001A). These changes have improved the way GEC does business both at the prime and subcontractor level. This is evidenced by the estimated savings of \$500,000 to be reflected in the company's FY 98 forward pricing rate submission.

Concluding Remarks

We are relying more and more on data collection and analysis to develop SPI implementation strategies, identify common trends across corporations and industry sectors, and ensure we are focusing our efforts where the greatest return exists. IASO's analysis to provide targeting information for use in our marketing efforts is a good example. We are also encouraged with advances within industry associations toward increasing supplier involvement in SPI.

In our next report we will feature new innovations under development at the Honeywell Corporation, Phoenix, AZ, that have the promise of leveraging savings/benefits for their various customers and lowering cost to DoD. It is through these types of innovations that SPI continues to be a valuable tool for acquisition reform.

Appendix Index

Appendix A - Executive Summary

Appendix B - Charts

Appendix C - Modifications Completed During Reporting Period

Appendix D - New Contractors

APPENDIX A

Summary Report

As of: Thursday, July 31, 1997

Contractors That Have Submitted Concept Papers:	213
Key Customer Notification Complete:	172
Component Team Leaders Identified:	138
Total Concept Papers Received:	958
Concept Papers Withdrawn:	144

**Concept
Papers**

**Proposal
Development:
Concept Paper
(30 Days)**

Concept papers may contain multiple processes

Total Proposed Process Changes:	998
Number Initially Accepted :	904
Not Accepted Within 30 Days of Initial Submission:	46

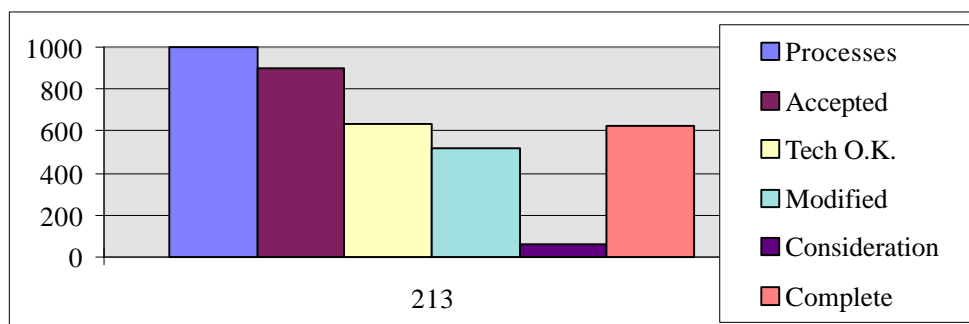
**Approval Cycle:
Customer
Notification and
Agreement/
Resolution of
Differences
(60 days)**

Found Technically Acceptable:	633
Found Technically Unacceptable:	35
<i>Components objecting</i>	
AF	18
Army	18
Navy	24
DLA	4
DCMC	17
NASA	2
Disagreements/Problems Escalated:	3
Not approved within 60 days of Mgt Cncl Acceptance:	92

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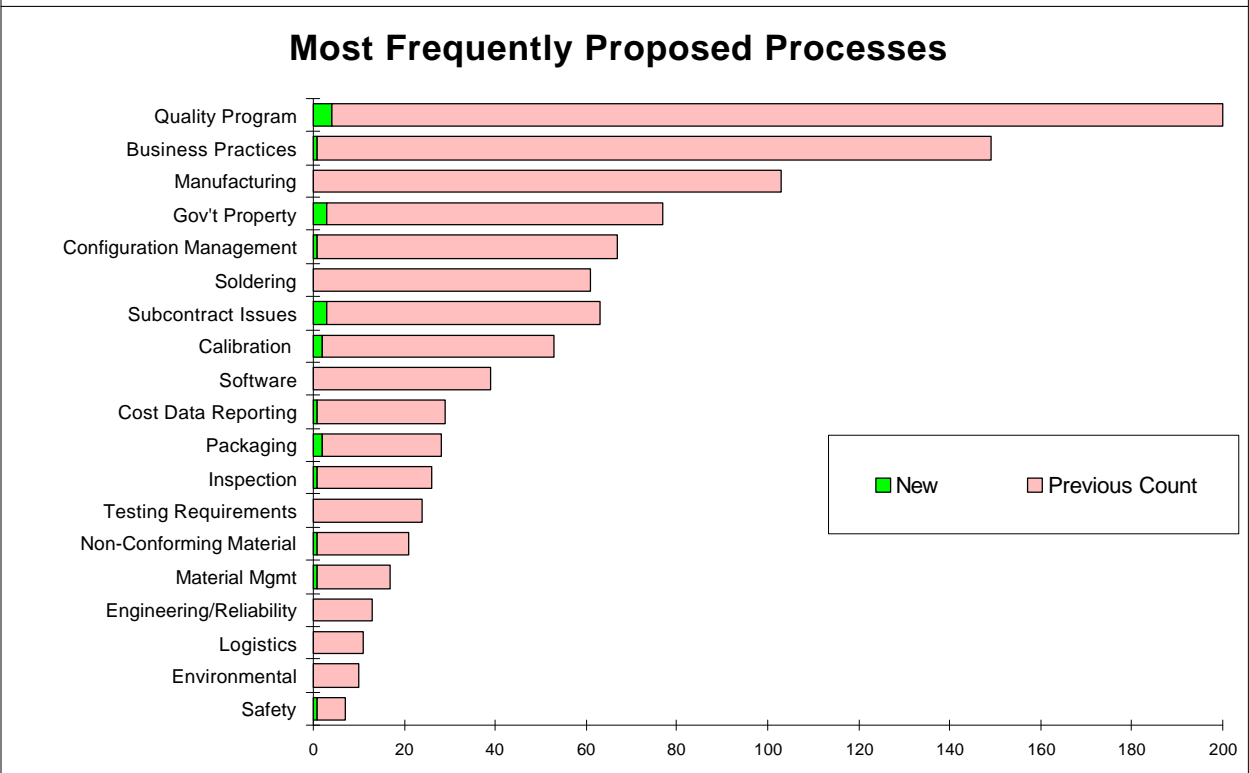
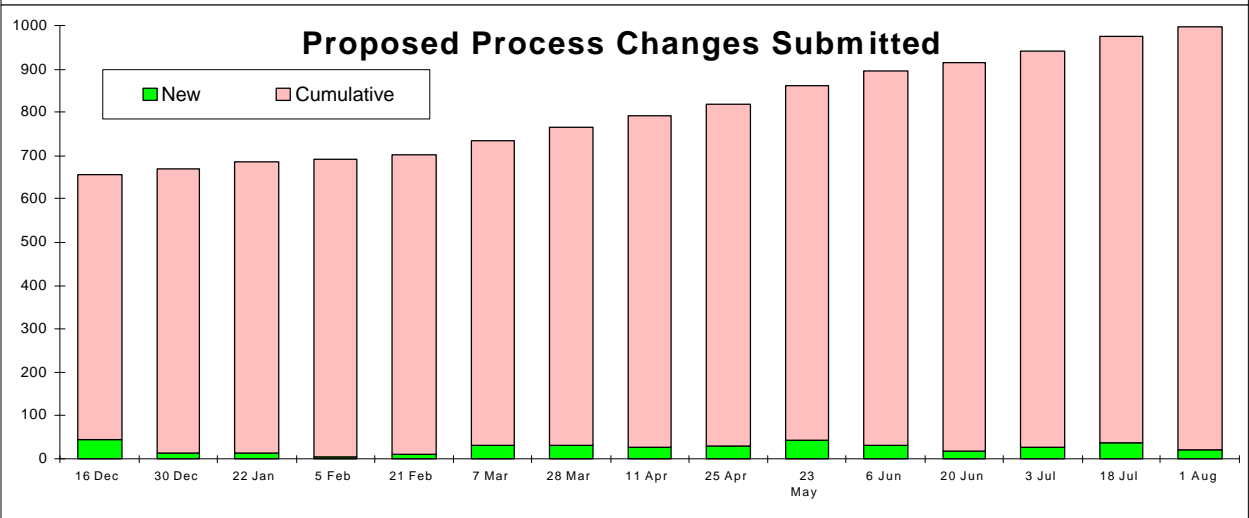
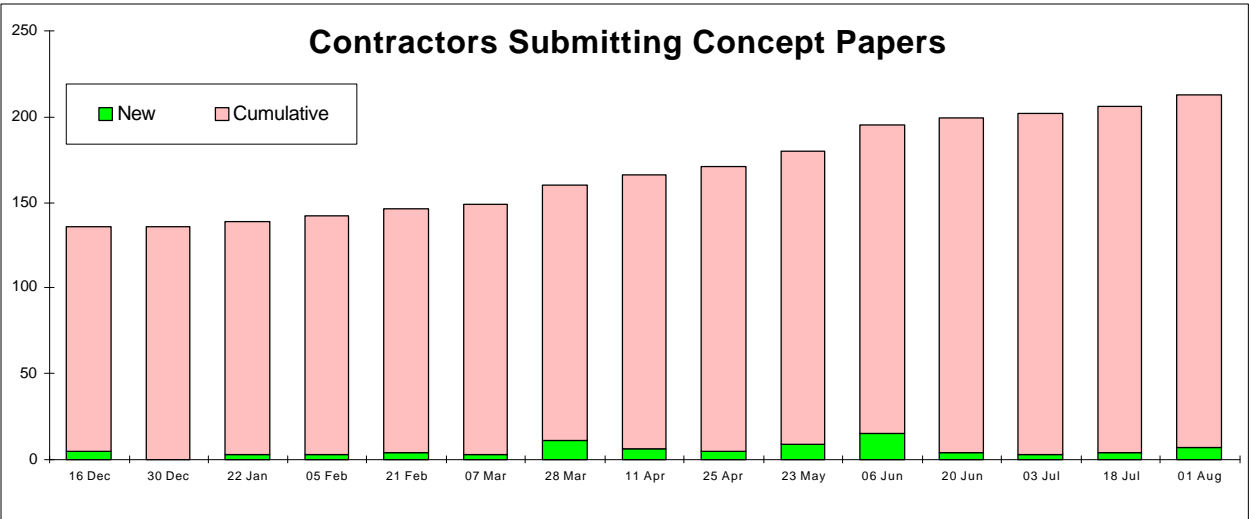
**Modification
Issuance:
Negotiation of
Consideration
(30 Days)**

Processes Modified:	521
Not Modified within 30 days after Tech Acceptance:	40
Average Days From Submittal to Mod:	135
.....	
Consideration Requested by Government:	60
Cost Proposals Received:	46
Consideration Finalized:	24
All Actions Complete:	629
Currently Active:	369



Appendix A

APPENDIX B



APPENDIX C

Details on Block Change Modifications Completed During this Reporting Period

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
General Dynamics Land Systems Army Tank Plant, Lima, OH	Contract Data Items admin & delivery reqmts	Align govt CDRL reqmts w/KTR's business practices
G. E. Support Services, Mt. Laurel, NJ	MIL-I-45208 MIL-STD-45662	ISO-9001/ANSI/ASQC-9001, Quality Systems ISO-10012-1, QA Reqmts for Measuring Equipment, Part 1
Hughes Naval & Marine Systems, Mukilteo, WA	MIL-Q-9858, MIL-I-45208A, MIL-STD-1520/-1535	ISO-9000
Litton Electro-Optical Devices, Tempe, AZ	MIL-STD-9858A, MIL-I-45208	ISO 9001 based Quality System
Litton Guidance & Control Systems Division, Woodland Hills, CA	Various Manufacturing MIL-SPECs	Non-Government Manufacturing Standards
Lockheed Martin Control Systems, Johnson City, NY	Various Military & Commercial Fabrication & Engineering Drawing SPECS	Fabricate Hardware to current industry STDs and current Military SPEC revisions
Lockheed Martin Gov't Electronic Systems, Moorestown, NJ	MIL-STD-105	ANSI/ASQC Z1.4-1993 based Quality Inspection Sampling Process
Lockheed Martin Tactical Aircraft Systems, Ft. Worth, TX	MIL-STD-1806 CDRLs MIL-STD-980 FOD Prevention Process	Electronic Data Mgmt & Delivery Process National Aerospace Foreign Object Damage (FOD) Prevention Industry Guideline
Lockheed Martin Vought Systems, Dallas, TX	DoD Cost/Schedule Control Systems Criteria	Earned Value Management System
Primus Technologies, Inc., Williamsport, PA	MIL-Q-9858, MIL-I-45208, MIL-STD-45662	ISO-9001 and ANSI/NCSL Z540-1-1994
Raytheon E-Systems, St. Petersburg, FL	FAR 45.401 and 402, Right to Use GFP, Property clause in Govt contracts	Change in property clause, KTR use of GFP on a non-interference basis

APPENDIX D

Details on New Contractors During this Reporting Period

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
ABA Industries, Pinellas Park, FL	Military Packaging	MIL-STD-2073-1C, Commercial Packaging instead of Military on specified items
Alliant Defense Electronics Systems, Inc., Clearwater, FL	FAR 52.219-9 and FAR 52.219-16	Comprehensive Small Business Subcontracting Plan
General Dynamics Armament Systems, Burlington, VT	MIL-Q-9858A	ISO-9001 based Quality System
General Dynamics Land Systems Army Tank Plant, Lima, OH	Initial Calibration of perishable Measurement & Test Equipment (MTE) MIL-Q-9858A Contract Data Items admin & delivery reqmts KTR provided Police/Guard Force reqmts ops	Eliminate Initial Calibration of perishable MTE ISO-9002 (CP2) based Quality System Align govt CDRL reqmts w/KTR's business practices Use DoD Police/Guard Force Security personnel
Lockheed Martin Tactical Defense Systems, St. Paul, MN	MIL-Q-9858A, MIL-I-45208A, MIL-STD-1520/-1535	ISO-9001 based Quality Systems
PRIMEX Technologies, St. Petersburg, FL	MIL-Q-9858 Contractor Billing Reqmts - DCAA Pre-Review FAR 52.219-9 and FAR 52.219-16 Small Business Subcontracting Plan	Contractor Certification Program (CP2) Direct submittal of Public Vouchers to DFAS DFARS 252.219-7004—Consolidated
Teledyne Electronic Technologies, Rancho Cordova, CA	MIL-Q-9858, MIL-I-45208, MIL-STD-45662	ISO-9001 based Quality Systems